GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:56
ANSWERED ON:17.10.2008
PRIME LENDING RATES
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Will the Minister of FINANCE be pleased to state:

(a) whether due to the pressure of sky-rocketing prices and inflation, the RBI and the Nationalized Banks have raised their prime lending rates; and

(b) if so, the details thereof alongwith the revision of Benchmark Prime Lending Rate (BPLR), Bank-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a): With effect from 18th October, 1994, the RBI has deregulated the interest rates on advances above Rs.2 lakhs, including the housing loans and these interest rates are determined by the banks themselves with the approval of their Board of Directors subject to Benchmark Prime Lending Rates (BPLRs) and Spread guidelines.

The RBI has taken monetary measures in recent months to control inflation. These include raising the Cash Reserve Ratio (CRR) and Repo Rates which in turn has resulted in increase in cost of funds resulting in increase in BPLR by banks.

(b): Bank-wise details of revision of BPLR are given at Annexures I, II & III.